

**A CRITICAL ANALYSIS OF THE SOCIAL EFFECTS OF
CHANGE MANAGEMENT AT TELKOM.**

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requirements for the degree**

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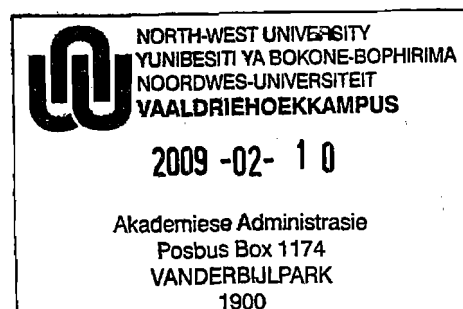
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THANKS TO MY FAMILY FOR THEIR SUPPORT, ESPECIALLY MY WIFE
AND SONS: YOU ARE GOOD. MAY GOD PRESERVE YOU ETERNALLY.

ABSTRACT

Telkom was established in 1991 when the then Department of Post and Telecommunications was transformed into two companies: Telkom SA and the SA Post Office.

Telkom inherited 67,667 employees. When the affirmative action policy was implemented on October 1, 1993, 46% of employees were did you mean that the 46% were white – check this again (African 30%, Coloured 13% and Indians 3%). (this gives you a total of 92%

The majority of African personnel were employed in unskilled or semi-skilled work functions, with less than 0.25% of first level management positions whilst none were employed within the ranks of top management.

Women comprised 19% of the total staff complement. In 1997 the Government sold 30% of Telkom's equity to Thintana, a consortium made up of SBC Communications and Telkom Malaysia.

An important element of the agreement was a skills transfer and employee development programme. By this time management had realised the need for large-scale organisational changes to create a competitive, customer-focused and performance-driven employee culture.

This went hand in hand with the streamlining of service benefits and conditions to achieve greater efficiency and reduce employee expenses. It has driven the people management focus over the last few years and, going forward, will continue to be a focus point.

Due to ongoing organisational renewal over the past few years, voluntary early retirement packages offered to employees aged 50 years and older forced change in management structures at Telkom, the organisation's length of service profile is declining.

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CHAPTER ONE

ORIENTATION AND PROBLEM STATEMENT

1.1 INTRODUCTION

Change management can be defined as the central managerial challenge for business leaders, requiring a coordinated effort to reframe, restructure, revitalise and renew organisations (Anderson, 1992:49). This includes

- the mobilisation of organisational stake-holders around change and the complexities of achieving consensus with regard to its direction and pace; and
- the extent to which it will be participative, on which matters and at what levels it should take place, as well as the achievement of alignment of the change process across the organisation. This must ensure a synergy of human resource, technology, finance and production or service delivery systems to ensure consumer satisfaction, but in such a way that it achieves stakeholder buy-in and commitment (Anstey, 1999:30).

A number of government departments as well as private companies employ fulltime (internal) organisational development consultants. Some firms also make use of the knowledge, services and expertise of external and internal consultants, because they want to maximise profit and reduce costs (Coetzee, 1999:09).

The public sector is expected to manage change effectively in order to maintain stability during the transformation process. The White Paper on Transforming Public Service Delivery (*Batho Pele White Paper*) therefore, urgently seeks to introduce a fresh approach to service delivery: an approach which puts pressure on systems, procedures, attitudes and behaviour within the public service and reorients them in the customer's favour, an approach that puts people first (SA, 1997:12). It involves creating a framework for the delivery of public services which treats citizens more like customers and enables citizens to hold public servants accountable for services they receive.

Change is dynamic and requires a management process to allow rationalisation and structural changes to be implemented in an orderly manner. The management practices of the public sector must also undergo change to be able to manage constitutional changes effectively. Effective change requires understanding of both the nature and scope of the change and how it has to be implemented (Van der Walddt & Du Toit, 1997:252).

Change management is inter alia the result of the privatisation process which is taking place in South Africa. Privatisation is presented as a means to boost economic growth, jobs creation and to eradicate poverty that is plaguing the African continent (Meier & Rauch, 2005:66). It is punted as a means to increase service delivery and management skills through private sector involvement. The restructuring of state assets is an important element of the programme of government for the reconstruction and development of South Africa. Government requires the services of private sector resources in expanding investments and improving services to the people. A critical element of speeding up economic growth and job creation is lowering cost in the economy. This will help to lower the costs of services to the ordinary citizen (Radebe, 2001:40).

According to Telkom South Africa, a parastatal institution, change management means bringing in private sector management and expertise, which can be used to improve the efficiency of parastatals (Telkom, 2003:07). In the change management process workers are advised to take voluntary severance packages, early retirement and consideration for specific redeployment opportunities as an option. Telkom management served letters to their workers to choose between the options which in themselves are not viably better than the other. Management had embarked on these initiatives even before consulting the Communication Workers Union (CWU) (Seroba, 2003:31). A situation arose, which contradicts the change management process of unfreezing, referring to the preparation for change. This involves three actions, namely, recognising the forces for change, identifying the need to change and diagnosing possible obstacles to change, involving the thorough modification or adaptation of people, structures and technology.

Eventually this process results in refreezing because it is designed to maintain the momentum of change when the positive results of the transitional phase are 'frozen' (established and maintained) (Van der Waldt & Du Toit, 1997:254).

Change management, if not carefully implemented, may result in hardship for employees. The problem at Telkom began in 2001 when the parastatal, as part of state enterprises, listed part of its shares on the Johannesburg Securities Exchange. It only facilitated the buying and selling of shares of PLCs and the New York Stock Exchange. (Lewis, 2000:13). The partially privatised state parastatal, which has been shedding jobs since 1997, announced its intention to shed a further 10 000 jobs in order to boost its share price. Telkom listed R28 a share, which is far below the R33 that government hoped for (Telkom, 2003:08).

The process of change management at Telkom involved the following steps: Firstly, it issued shares to the public and listed some on the Johannesburg Securities Exchange so that they could participate in free market. Secondly, it involved the improvement of services and profit maximisation as part of Telkom's privatisation, encouraging skilled labour, minimising cost and increasing productivity to compete in the global market (Telkom, 2003:09).

South Africa as a whole loses from such social effects of change management because the total output is below the potential level of economic growth of institutions. Workers are retrenched due to their lack of the skills needed by Telkom (Nxasana, 2004:40). This means that the motives behind Telkom's objectives are the maximisation of profit and the coping with technological changes worldwide. This leaves no room for unskilled labour, since the focus is on electronic equipment as opposed to manual labour operations.

Workers were given the opportunity to choose from the following options: a) In case of retrenchment, they could make use of training opportunities available which would enable them to start a small business. b) Workers who wished to further their studies at a tertiary institution were given R10, 600 (R8, 600 for training and R2, 000 for study materials) (Telkom, 2003:09).

In light of the above scenario, this study seeks to investigate the economic performance at Telkom as one of the parastatals which led to change management in state enterprises as the special field of investigation, entailing substantial suffering and loss of income for families. In general, change management can be seen as the most severe problem that South Africa is presently faced with (Radebe, 2001:45).

1.2 RESEARCH QUESTIONS

The following research questions were investigated:

- What are the theories, principles and processes associated with change management?
- What are the reasons and processes for change management that occurred at Telkom?
- To what extent has change management affected the attitudes and perceptions of officials and Telkom employees?
- In what manner was the change management process communicated at Telkom?
- How does the change management processes affect middle, senior, supervisory and operational management negatively as well as positively at Telkom?

1.3 RESEARCH OBJECTIVES

The objectives of this research were as follows:

- To give a theoretical exposition of human resources management and change management.
- To examine the processes and effects of change management at Telkom.
- To examine the effect change management has had on attitudes and perceptions of officials and employees at Telkom.

- To describe the manner in which the change management process was communicated at Telkom:
 - Examine the experiences of change management at Telkom.
 - Make an assessment of the perceptions of employees regarding the process of change management.
- To examine the effects of perceptions of the change management processes on middle, senior, supervisory and operational management at Telkom.

1.4 HYPOTHESIS

For the purpose of conducting research for this study the following hypothesis has been formulated:

- Change management at Telkom has been top-down, non-participatory, flawed from the start and is likely to cause dissatisfaction among employees.

1.5 METHODOLOGY

The research design for the dissertation was undertaken as follows:

1.5.1 Literature study and documentation

A preliminary study of databases at the North-West University library established that there are adequate sources of literature on change management. This study involved book reviews, journal articles, newspapers and media reports. Information on change management available on the Internet was utilised, collected and integrated with the data obtained. The documentary sources were compared with data already gathered, and then used as new information for the present study.

1.5.2 Empirical study (interviews)

This study utilised qualitative interviews as described by Rubin and Rubin (1995:31). Their model of qualitative interviewing emphasises the relativism of

social effects of change management, the active participation of the interviewer, and the importance of giving the interviewee a voice (retrenchees). Individual retrenchees were used, with focus on the negative effects of change management. In combination with the above, individual topical interviews that are more narrowly focused on particular events or processes, and are concerned with what happened when and why, were used to gain information from Telkom retrenchees.

Telkom had approximately 26 133 employees in total by 30 April 2005 in South Africa. It would have been too expensive and time-consuming to conduct a proper research study for the purpose of this study. In the Vaal Region, which was the focus area for the study, Telkom had approximately 3000 employees (Telkom, 2006:17) which is a manageable number.

This study used stratified random sampling which indicates that the population is first subdivided into two or more mutually exclusive segments, called strata, based on categories of one or a combination of relevant variables. Simple random samples then are drawn from each stratum, and these subsamples are joined to form the complete stratified sample (Singleton, 1993:151). The population of 3000 in the Vaal Region was broken down into two strata: males and females, according to categories of the variable gender, that each in turn comprise two strata: upper-class (Senior Managers and Middle Managers) and lower-class (Operational Managers, employees at Telkom and Union members). This was depicted by the following figures including Coloureds, Africans, Whites and Indians both male and female. It consisted of a group of 10 females and 10 males from each subgroup with the total of 20 from the strata.

Questionnaires were designed and sent to relevant respondents such as Telkom managers, retrenchees, trade union representatives and workers at Telkom so as to determine their views with regard to change management. This included two senior managers, two middle managers, 10 supervisory managers and 10 operational managers. The research would further include 20 employees and 20 union members. The focus was on the Vaal Triangle Region and two select groups were used for the purposes of this study, which

included former employees and existing employees at Telkom. This also served as a specific group selected for the case study.

1.5.3 Division of chapters

Chapter one: Introduction, problem statement and orientation.

Chapter two: Theoretical exposition of change management.

Chapter three: Change management at Telkom.

Chapter four: Attitudes and perceptions of officials and employees towards change management at Telkom.

Chapter five: Conclusion and recommendations.

CHAPTER TWO

THEORETICAL EXPOSITION OF CHANGE MANAGEMENT

2.1 INTRODUCTION

There is no single best way to manage and therefore there is a need to look at different management theories and how the theorists behind them - at a specific time and within a certain environment –answer to management issues. A closer look at the evolution of management will place these different management theories in context.

The evolution of management is fascinating and revealing, for it reflects society and its constant need for change. It explains the dominant culture of the time, and is a reflection of the political, economic, social, technological, international and ecological issues of the time.

Change management is quite a complex process and in most cases poses conflicting ideas. According to Schutte, (1993:22), creation and maintenance of organisational health demands higher productivity: However, high performance and human development are the cornerstones to its realisation. He says that it is a known fact, verified by research findings, that a worker won't turn into an excellent performer if he or she is not committed to the job and to the organisation, and is not operating in a climate of trust and mutually established relationships. A perception of ownership (a sense of belonging, affiliation and power) of the job creates and results in commitment to the job. Although change processes are not the only building blocks of success, they make a major contribution to the wealth and productivity of an organisation.

Change management will be defined and discussed within the framework of historical perspectives, corporate strategy, productivity, total quality management, continuous improvement, new governance, the need and scope for its existence, and the latest philosophies on managing humankind such as fair processes, collaboration, commitment and creativity. An attempt will be made to think a little wider in establishing what can be done with the reserve potential that change management processes have created by way of looking

into organisational entrepreneurship. In this discussion it will be pointed out how change management processes assist businesses in sustaining a competitive edge in the global markets – globalisation. The bottom-line of change management is that it increasingly and evidently enhances performance, productivity and wealth in an organisation (Erasmus, 2006:42).

2.2 WHY STUDY MANAGEMENT THEORY?

This fragmentation can partly be overcome by putting the different management theories in context or by looking at their origins, tracing their development, and providing some perspective in terms of the cultural environment in which they were appropriate. Out of the many theories about how to improve management, some parts of each theory have survived and have been incorporated into contemporary theories on management. In this way the legacy of past efforts, triumphs and failures has become our guide to future change management practice (Sikula, 1973:30).

2.3 UNDERSTANDING THE DIFFERENT MANAGEMENT THEORIES

In studying the evolution of management theory one should bear in mind that any science is shaped by environmental influences. These influences will therefore be reflected in the different theories or approaches of management experts at different times and in different situations. Certain environmental forces are responsible for the evolution of management theory, namely social, economic, technological, political, international and ecological forces (Cave, 1994:06).

As these forces change, the theoretical body of knowledge of management also changes to adjust to changing circumstances. New technological breakthroughs in communication - like the Internet and E-mail – have caused managers to reassess their approaches to management (Sepuduma, 2005:20).

Today's managers have to find new ways of working with people at arm's length. The fact that knowledge workers will soon become the dominant group in the workforce makes the contemporary manager's job even more

challenging. New organisational structures need to be implemented as hierarchical structures cannot accommodate this type of workforce.

These new structures, in turn, affect the way that managers lead and control the activities of their subordinates - whom they may never see (Meyer, 2005:06).

2.3.1 The theories of management

The theories of management can be classified into two main schools of thought, namely classical approaches and contemporary approaches.

The different approaches that developed in response to changes over the years in the environment with which managers had to contend are as follows:

Scientific management (1900), bureaucracy (1910), administrative management (1920), human relations (1930), quantitative management (1940), systems theory (1950), contingency theory (1970), total quality management (1990) learning organisation (1994) and re-engineering (2000) (Gerber, 1992:345).

2.3.1.1 Scientific management school

As a supervisor at the Philadelphia Midvale Steel Company in the late 1800s, Frederick W Taylor, a mechanical engineer, became interested in ways of improving the productivity of workers. He studied the work of individual workers to discover exactly how they performed their tasks (Fox, 1991:200).

A standard time for the accomplishment of each task could be determined. This allowed him to describe performance objectives quantitatively, such as the number of units that a worker should produce per shift. This is known as time-and-motion study. He believed that money motivated workers. If workers met a specified production standard, they were paid a standard wage rate. Workers producing more than the set standard were paid a higher rate for all the units produced, not just exceeding the standard. His experiments to determine the best way to do a job inspired others to undertake similar studies in other industries.

2.3.1.2 The process (or administrative) approach

Henri Fayol, who was managing director of a large French coal-mining company, is recognised as the greatest European management pioneer. His interest was in the administrative side of operations. He described the practice of management as distinct from finance, production, marketing and other typical business functions. He argued that management was an activity common to all human undertakings in business, government, sports clubs, schools and even in the home (Gerber, 1992:41). Fayol's experience led him to conclude that there were five basic functions of administration: planning, organising, commanding, coordinating and controlling.

A major disadvantage of the administrative approach to management is the fact that the approach postulates that formal authority should be maintained by managers. In today's turbulent business environment, organisations need to be flexible to be able to adapt to the rapidly changing needs of the customer or client (Durcan and Oates, 1994:191).

2.3.1.3 The bureaucratic approach

The main concern of Max Weber, a German sociologist, was the more fundamental issue of how organisations are structured. Reasoning that any goal-oriented organisation comprising thousands of individuals would require the carefully controlled regulation of its activities, he developed a theory of bureaucratic management that stressed the need for a strictly defined hierarchy, governed by clearly defined regulations and authority. Weber's ideal bureaucracy is based on legal authority. Legal authority stems from rules and other controls that govern an organisation in its pursuit of specific goals. Managers are given the authority to enforce the rules by virtue of their position. Obedience is not owed to an individual person but to a specific position in the hierarchy of the organisation. The position would outline the people occupying them (Schutte, 1993:13).

Weber's approach to management has stood the test of time relatively well. In South Africa, with its relatively few managers and large numbers of

unskilled workers. Devolution to rules and other controls set by managers is still a relevant way of managing.

Even organisations employing skilled workers still use the principles of Weber's approach. One major limitation of this approach is that bureaucratic rigidity results in managers being compensated for doing what they are told to do and not for thinking (Calan and Atherton, 1981:449).

2.3.1.4 Human relations movement

The early approaches to management emphasised the technical aspect of work at the expense of its personal aspects. The Depression of the 1930s and major changes in the economic, political, social and technological environments caused managers to challenge these approaches and their relevance in the business environment. Managing people became the major issue facing managers and managers became more oriented to human relations and behavioural science (Moore, 1990:56).

Hawthorne Studies investigated the relationship between the level of lighting in the workplace and worker productivity. As lighting improved, so did productivity. Surprisingly, as lighting conditions were made worse, there was still a tendency to improve productivity. It was obvious that something besides lighting influenced the worker's productivity.

In short, employees were more motivated by social needs rather than economic needs.

Maslow and McGregor are two well-known behavioural scientists. Maslow suggested that humans have five levels of needs. The most basic need is the physical need for food and water, the most advanced need is the need for self-actualisation or personal fulfilment. Maslow argued that people try to satisfy their lower-order needs before attempting to satisfy their higher-order needs. Managers can facilitate this process and attain the organisational goals by removing obstacles and encouraging behaviours that satisfy both the needs of the worker and those of the organisation.

McGregor distinguished two alternative basic assumptions about people and their approach to work. These two assumptions, which he called Theory X and Theory Y, take opposite views on people's commitment to work.

The Theory X managers assume that workers must be constantly coaxed into putting effort into their jobs. Work is distasteful to workers, who must be motivated by force, money, or praise. Theory Y managers, on the other hand, assume that people relish work and approach their work as an opportunity to develop their talents. This approach reflects the basic assumptions of the human relations as well as the behavioural science approach to management (Kanter, 1983:07).

The major contribution of the human relations approach to management was the fact that this approach viewed workers as human beings and not as machines.

2.3.1.5 The quantitative management theory

Management science deals with the development of mathematical models to assist managers in decision making. Operations research is an applied form of management science that helps managers develop techniques to produce their products and services more efficiently.

The techniques of the quantitative management theory are a well-established part of the problem armoury of large organisations.

This approach offered a new way of looking at management problems. However, it is seldom used by managers as the primary approach to decision making. It is used mainly as a tool or aid in decision making, since many aspects of management decisions cannot be quantified and expressed by means of mathematical symbols and formulae (Block, 1987: 101).

2.3.1.6 The systems approach

The systems approach to management developed in the 1950s. This approach compensated for the two main limitations of the classical approaches - first, that they ignored the relationship between the organisation

and its external environment and second, that they focused on specific aspects of the organisation at the expense of other considerations. To overcome these deficiencies, management scholars based their conceptions of organisations on a general scientific approach called the systems theory.

The systems approach to management views an organisation as a group of interrelated parts with a single purpose: to remain in balance (equilibrium). The action of one part influences the other parts and can cause imbalance. Managers therefore cannot deal separately with individual parts.

Managers should view the organisation as a whole and should anticipate the effect of their decisions on the other parts of the organisation. From a systems point of view, management should maintain a balance between the various parts of the organisation as well as between the organisation and its environment (Egan, 1993: 27).

2.4 TOTAL QUALITY MANAGEMENT

Chase and Aquilano (1995:163) defines Total Quality Management as “managing the entire organisation so that it excels on all dimensions of products and services that are important to the customer”. During the Malcom Baldrige National Quality Award in 1994, President Clinton said, *“To meet the changes of global economy ... our most successful companies have been eliminating unnecessary layers of management; empowering front-line workers; becoming more responsive to their customers; and seeking constantly to improve the products they make; the services they provide; and the people they employ.”*

According to Chase and Aquilano (1995:167), Malcom Baldrige Award Criteria Goals help companies to enhance their competitiveness through focus on results-oriented goals which include among other points customer-driven quality, leadership, continuous improvement on change management, development and partnership development.

At present a quality revolution is taking place in the business world. The term that has evolved to describe this revolution is total quality management, or

TQM for short. It was inspired by a small group of quality experts, the most prominent of them being W Edwards Deming.

Total quality involves everyone and all activities of the organisation.

Quality is meeting a customer's agreed requirements, formal and informal, at the lowest cost, first time every time. Management - quality must be managed (Durcan and Oates, 1994:189).

TQM encompasses employees and suppliers, as well as the people who buy the organisation's products or services. The goal is to create an organisation committed to continuous improvement. It is essentially about creating learning organisations and promoting an intrinsic motivation for learning instead of merely relying on extrinsic punishments and rewards. Deming believed that profound knowledge, including an understanding of a system, statistics and psychology is required for the achievement of quality (Bedix, 1993:61).

2.4.1 The principles of TQM

Everyone has a customer: Organisations depend on their customers and should therefore understand the customer's current and future needs. The organisation must try to exceed customer expectations.

Everyone has a supplier and this involves people:

Every employee is responsible for quality that must be measured because there is concern for continuous improvement.

Processes, not people, are the problem.

Problems must be prevented, not just fixed.

Systems approach to management: The organisation must be managed as a system of interrelated processes.

Factual approach to decision making: Effective decisions and actions are based on the analysis of data and information.

Life cycle costs, not front end costs: The focus must be on life cycle costs, not just front end costs (Kanter, 1983:447).

TQM should not be confused with quality control. While TQM emphasises actions to prevent mistakes, quality control consists of identifying mistakes that may already have occurred.

2.4.2 The learning organisation

A learning organisation therefore requires learning individuals. However, certain learning disabilities can cripple an organisation (Sherman, 1996:90).

Seven organisational learning disabilities:

- The delusion that people are learning from experience: The core learning dilemma that confronts organisations is that we learn best from experience but we never directly experience the consequences of many of our most important decisions.
- We are conditioned to see life as a series of events – for every event there is one obvious cause.
- Often teams in business tend to spend their time fighting for turf, avoiding anything that will make them look bad personally.
- Workers are trained to be loyal to their jobs - sometimes to the extent that they confuse them with their own identities. When people in organisations focus only on their jobs, they have little understanding and sense of responsibility towards the results produced when all jobs interact.
- External sources are often blamed for misfortune.
- The illusion of taking charge: Often “pro-activeness” is re-activeness in disguise. Fighting the “enemy out there” is a reaction. True pro-activeness comes from seeing how we contribute to our own problems.

- Ignoring gradual processes that may be bigger threats.

2.5 RE-ENGINEERING

Re-engineering involves a significant reassessment of what a particular organisation is all about. Re-engineering thus involves rethinking and redesigning the processes connecting organisational members with people, such as customers and suppliers, outside the organisation. Speed, quality of service, and overhead costs are some of the issues that re-engineering can address (Hertzberg and Hall, 1997:84).

Re-engineering considers the entire organisation, including its suppliers and customers. It is constant and relentless in its focus on integrating four key drivers - people, processes, technology and infrastructure - to create and sustain value for customers while managing costs.

2.5.1 Six conditions which are vital for successful re-engineering

- Powerful external forces for change should make change inevitable.
- Top management should vigorously back the re-engineering.
- Re-engineering projects should focus on the process improvements that customers really care about and are willing to pay for.
- Thorough knowledge of the needs of customers is therefore essential.
- All major departments affected by the processes should be represented on the team.
- Changes in human resource programmes and information technology should be closely coordinated with the re-engineering effort (Nkosi, 2006:22)

Successful re-engineering should be ongoing rather than a once-off project, as well managed re-engineering programmers encourage organisations continually to examine themselves in order to learn and generate new processes to meet the challenges of the new century.

2.6 HISTORICAL PERSPECTIVES

2.6.1 Industrial democracy

The main argument with the critical school of thought is that while a democratic order of society provides employees with full civil rights, these rights were not extended to the workplace where workers spend a good part of the day. The second argument emphasises economic significance at the enterprise level of democracy. Change management might enable workers to play a more creative role in the organisation and **prosecution** (should this word not have been execution rather than prosecution?) of work, leading to a greater efficiency and maximisation of profits (Kanter, 1983:119).

2.6.2 The role of the state

Galenson (1991:12) and Bendix (1993:30) are of the opinion that state involvement is an integral process in change management practices, while maintaining an overall protective role in business. Shear and Sirkhot, (1996:30) put this into the South African context as follows: "A point of reference should be the introduction of workplace forums that emphasise and encourage joint participation and problem solving". The function of forums is to represent employees in the workplace and to negotiate with management about various matters of concern to them. The sole purpose of workplace forums is to promote the interest of all workers and to promote the efficiency of the business in consultation with the employer on wide-ranging issues affecting the welfare of the employees in a workplace.

Wood (1998:19-21) also gave an overview of state involvement as follows: According to the new Labour Relations Act, recently passed in 1995, the concept of workplace forums was primarily enacted to address productivity through constructive communication in a workplace. The act represents the product of extensive consultation and broad-based negotiations involving the state, labour and business. Workplace forums systems as instituted by the state form a compromise between different interests with a number of different desired outcomes. Workplace forums are consultative bodies focusing on practical issues such as the terms and organisation of work but not on issues

that fall within the ambit of the state. The Act has laid down guidelines under which consultation should take place as follows:

- Restructuring of the workplace
- Introduction of new technology and new work methods
- Changes in the organisation of the workplace, plant closures, mergers and transfers if they impact on employees' dismissals as a result of operational requirements (technological, economic, structural) and similar exemptions from any collective agreement or any law
- Job grading
- Criteria for bonuses
- Education and training
- Product development plans and export promotions.

State involvement for this matter is meant to enable mutual agreement of the employer's and the employee's conflicting interests.

2.7 THE NATURE OF CHANGE MANAGEMENT

Guest and Knight, (1979:19) Plunkett and Fournier, (1991:04); Scanlan and Atherton, (1981:405); Cangemi *et al.*, and McLagan and Nel, (1995:32) all agree in principle that the literature of change management have many interpretations and no satisfactory or absolute definition is possible. An attempt to define change management has often led to confusion and difficulty. Change management is a new persistent idea with many meanings, but the basic idea is obviously that people who are managed should have a say about the decision that affects them.

2.7.1 Change management definitions

Guest and Knight (1979:19) simply refer to change management as the need to involve employees to a greater extent in company decision making.

Plunkett and Fournier (1991:04) define change management as a philosophy that demands that organisational decision making be made in such a way that input and responsibility are extended to the lowest level appropriate to the decisions to be made. Furthermore they say that the purpose of change management is to ensure that the right people make effective decisions. In conclusion they endorse empowerment as means of achieving change management.

Scanlan and Atherton (1981:12) have a psychological point of view with regard to change management. Their point of departure is that change management is a way to get things accomplished by creating an environment whereby employees are encouraged to become involved, both mentally and emotionally, in problem-solving situations that contribute to the organisation attaining its objectives and goals.

Cangami et al. (1985:05) share the same psychological perspective on change management. According to them, change management is the most promising way to affect an employee's self-esteem over the long term. Based on their observation and experience, they conclude that change management is consistent with personal involvement in organisational problems and concerns and also that it encourages employees to contribute to an organisation's solutions.

Schutte (1993:24) defines change management as inclusive processes through which opportunities are found or created, which would allow employees to participate in decisions that affect them in their job environment.

McLagan and Nel (1995:79) postulate that change management is a system of governance that requires all elements of an organisation to be redesigned in a common direction. Each common sense change will have to be invented and customised each time. Organisations use values and vision as the main link between management and workers to achieve their objectives.

Galenson (1991:01) sums up these definitions by quoting Pope John XXIII as saying "... *we are convinced of the legitimacy of the Workers ambition to take part in the life of the undertaking in which they are employed. We consider*

that workers must be given an active part to play in the management of the concern in which they are employed, whether the concern be public or private. Every effort must be made to make every undertaking a real human community which will make a deep impression on the relationships, the duties, and the work of each of the members”.

2.7.2 Why change management?

2.7.2.1 Exploring scholars’ view as to why change management is important

2.7.2.1.1 Rees

According to Rees, (1991:01) many companies are striving to increase the involvement of employees and minimising cost by retrenching unskilled employees. Management is increasingly becoming aware that employees’ ideas and opinions can help solve critical organisational problems.

Some of the contributing factors for the need of change management are as follows:

- Given the complexity of jobs and information, it is almost impossible for managers to make all the day-to-day decisions themselves. Hence, the ideal decision-making process is the one that is made by those who have best and first-hand information, i.e. the people closest to the job are the ones who should decide.
- The focus on quality and customer satisfaction has become a buzz-word within the contemporary business literature. Since the employees form the interface between management and customers and suppliers, their opinions have to be heard.
- With the ever-changing technology and the diverse workforce effectiveness and efficiency of an organisation should have multiple employee perspectives.

2.7.2.1.2 Cornwall and Periman

Cornwall and Periman, (1991:97) are also of the opinion that change management plays a pivotal role in business because of the diversity of employees, given the complexity of tasks they need to perform. They reckon that

- management processes have to adapt to current management styles of operating with flattened structures, turning the hierarchical pyramid upside down and start working with self-directed teams;
- It has been proven that the old authoritative, coercive management style does not necessarily result in productive and loyal employees. The fact that people support what they help create, is behind new management approaches; and
- people are demanding to have a strong voice in their own work lives, to have meaningful work and to be treated with respect and dignity.

2.7.2.1.3 Schutte

Schutte, (1994:01) in his research found that

- change management ensures organisational competitiveness through improvement of human performance and job satisfaction and enjoyment;
- teamwork and team spirit build trust and create synergy and excitement;
- employees' involvement improves human relations and the feeling of care;
- change management strengthens goal orientation and establishes job and problem ownership;
- change management liberates the potential of all employees;
- change management frees management to concentrate on higher order challenges; and
- change management improves total quality.

2.7.2.1.4 Plunkett and Fournier

Plunkett and Fournier, (1991:06) are of the opinion that

- traditional methods of management are inefficient and that companies should not be striving for maximum market share instead of working with happy workers;
- change management should provide the opportunity to share responsibility, risk and success of an organisation. Moreover, technology is changing at a relatively fast tempo, requiring management to keep abreast of these changes; and
- change management is a tool for the unleashing of knowledge, skills and attitudes of those who do the job.

This model is more comprehensive in nature; it cuts across all spectrums of all human management theories: from individual to groups, low-level involvement, to high-level involvement and shop floor to strategic decision-makers.

2.8 MEANINGFUL INVOLVEMENT MODEL

There are two major transactions that any group of people goes through on its journey towards full change. The first happens when people who are used only to following orders and taking prescribed action (level I) begin to get involved in determining either their activities (level II) or their own roles (level III). Both developments require levels of initiative and knowledge that change the relationship between people and their work in fundamental ways. The second key transition occurs when people begin to influence decisions at the context level beyond the realm of their own job (level IV). More positively, activity and change can begin to build the competencies and produce the productive results that encourage management and employees to want to change further. Such encouragement launches people into context change (level IV) and vision change (level V). This is the first real opportunity for power sharing in institutional governance and restructuring (Cave, 1994:234).

Schutte, (1994:01) defines productivity as

- an attitude of mind;
- the mentality of progress;
- the constant improvement of that which exists;
- the certainty of being able to do better than yesterday and even better tomorrow;
- the will to improve on the present situation no matter how good it really may be;
- the constant adaptation of economic and social life to changing conditions;
- the continuous effort to apply new techniques and new methods; and
- the faith in human progress.

Schutte's definition of productivity is supported by Sherman, (1996:04) in "Fortune Magazine", where he describes how Japanese companies got the benefit of employees' tacit knowledge: the best state of intellectual ability comes when the body and mind become one." One can not agree more with Schutte, (1994:01) when he says: "productivity is the attitude of mind and mentality of progress."

Business people now of late are bogged down to survival in the highly competitive global environment; dynamic, unpredictable and sophisticated customers and greater market share. Of necessity, holistic approach should be adopted, including among other things total quality management and continuous improvement. In essence, the above definition of productivity implies employee's total involvement that is characterised by total commitment and continuous improvement, as will now be briefly explained in view of what the latest ideological notion of productivity entails.

2.9 THE ROLE OF COMMUNICATION

People from different cultures using many different languages are now working together across geographical boundaries in South Africa. Communication in business today needs to cater for an audience that is far less literate than previously. Business organisations also have to cater for a multi-cultural audience, whether it be customers or employees. New methods of information dissemination focus on a clear, punchy style, good organisation and high readability with key statements at the beginning. Therefore, good communication must focus on the needs of changing audiences.

Furney, (1999) postulates that

- good communication starts with articulating a realistic vision;
- everybody needs to know where the company is headed;
- whether it is meeting its mark on an ongoing basis; and
- employees need to know what is happening now, when and why and what is in it for them.

2.10 SUMMARY

From the foregoing it seemed as if change management was the answer to the understanding of the workplace. Some of the managers believed that if they could establish theoretical participatory structures such as unions, shop stewards and workmen committees, all the problems would be automatically resolved. The opposite is true. If changing structures are not nurtured they will die and dwindle like a seed that has fallen on rocks. It is imperative for efficient leaders to care for these structures, particularly with respect to the human element, which is operating through those structures. Due to the volubility and ever-changing perception of customers, participatory processes should also fluctuate in sympathy with both economic and business trends.

Change management processes in essence entail knowing how to deal with human beings in wide-ranging environmental factors. Needless to say, an

ideal leader is one who is capable of managing systems within an environment. Building and creating conditions conducive for tapping the fullest potential of the employees are essential. This will inevitably be impossible if leadership do not trust its employees as capable. In conclusion, change management processes do not deny leadership their rightful authority and power, but encourages collaborative working together of all stakeholders.

CHAPTER THREE

CHANGE MANAGEMENT AT TELKOM

3.1 INTRODUCTION

Most of the state-owned communication industries in our country are gripped in terrible clutches of privatisation. This evil grip is called by different innocent-sounding words. In Telkom it is sometimes called 'Staff Optimisation' or 'Management of Staff numbers (MSN)', at the SABC it is called 'restructuring of 'Channel Africa' or Restructuring of Bob Broadcasting' whilst the Post Office has settled for fancy words like 'Network Rebalancing', 'Resizing of Walks' and 'Grading of Post Offices'. In this chapter focus will be on the reason and process for change management at Telkom. A review of Telkom's mission and value statement will be given.

What does this restructuring mean to workers in the communication industry/Telkom?

All the restructuring processes in the communication industry hit workers the hardest. Telkom has already destroyed more than 15 000 jobs and planned to throw 2 385 more workers out of their jobs by the end of 2006. This is a set-up to butcher hundreds of the South African jobs (Mfanafuthi, 2006:27).

3.2 TELKOM MISSION AND VALUE STATEMENT

3.2.1 TELKOM vision

Their vision is that "Telkom will become an internationally competitive, world-class telecommunications company. To do this, Telkom will transform and deliver excellent service to their customers while meeting world-class telecommunications performance standards and achieving an acceptable return for their shareholders."

Telkom aims to play a leading role in Africa and will honour South African social commitments (Telkom, 1999:23).

3.2.2 Telkom value statement

To move toward their vision, Telkom embraces the following three core values:

- Telkom is customer-driven. They will strive continuously to improve and excel. They will set aggressive performance targets and measure their success, benchmarking themselves globally. Telkom will enter into alliances to enhance their performance.
- Telkom values our people and their diversity. They value fairness in all their dealings with people. They recognise individual and team performance. They value an entrepreneurial and pro-active approach. They believe in action learning and will invest in the ongoing development of their skills. “Our value system is based upon integrity in all we do” (Telkom, 2003:13).

3.3 MANAGEMENT CHALLENGES

Management nowadays comes from tried and tested management practices of over a century or more. However, the ways in which management is practised, or the ways in which the management process and management principles are applied in organisations, for example Telkom, are continuously being challenged by developments in the world and in the immediate environment in which organisations like Telkom operate.

Telkom is not only at the beginning of a new century and a new millennium, but also at the threshold of a “new” organisation that is replacing the “old” organisation. Over the last few years public sector literature has proclaimed that the organisation is going through revolutionary change in its structures and in its approaches to organisational management which gave birth to change management at Telkom.

The old organisation, which features most of the characteristics of a bureaucracy operating in a stable environment, is going through a

transformation process that will produce the new organisation (Modise, 2006:15).

From Telkom management side there is remarkable consensus on the key features of the new organisation: Organisations must become lean, flat, flexible, team-based, densely networked with customers and suppliers, quality-focused, global in orientation and operations. All this is evidenced by the link between Telkom and all Telecommunication services worldwide in order to make their services easy and profitable, and also to be in line with Telkom Malaysia and British Telkom.

3.4 REASONS FOR CHANGE MANAGEMENT AT TELKOM

3.4.1 The changing landscape at Telkom

Changes in the structure of Telkom have been widespread and complex and have accelerated markedly in 1999 and 2004/5 (Mashale, 2003:10).

The company came across some strong new patterns that help to define the shape and texture of economic activity in the South African Telkom of today. Among the most prominent features are the following:

- The shift away from Post Office activity and towards the telecommunications services, whether measured in terms of share of Gross Domestic Product (GDP), employment or investment.
- The decline in 'traditional' full-time employment and the rise in part-time and 'non-standard' forms of employment (temporary, contract, self-employed, etc.)
- The growth in female and decline in male employment.
- The movement of economic activity away from the traditional industrial areas and large cities and towards the 'cathedral cities and suburbs (not forgetting the rapid rise in unemployment in these latter areas since early 2000).

- The reduction in the relative size of the public sector - partly through privatisation, partly through continuous squeezing of the resources available to all activities remaining in the public sector (Weldrick, 2006:08).
- Massive restructuring of communication services branches, characterised, among other things, by widespread changes in – and continuing concentration of ownership of Telkom company, accompanied by a reduction in the average size of operating units.
- The decline in the large workplace.

Certainly for our purposes it is important to note the relative and absolute decline of a form of economic activity which has long held a central place in our image of industry and work, in broad terms the male manual worker employed at Telkom, and on the other hand the rise of a new paradigm: notably that of the female employee working other than on a full-time basis in a smallish branch, for example, data capturer or software operator in place of the latter employee. The result will be reduction of costs and the rise in productivity which necessitate change management at Telkom (Mrs FR Lesiba, 2006).

3.4.2 Transformation at Telkom South Africa

In 1991 the Department of Posts and Telecommunications split into two separate companies, namely, Telkom SA (Pty) and South African Post Office Ltd. This was a significant breakthrough in the history of government-controlled institutions. This breakaway demanded a radical paradigm shift in management styles of these companies

Brian Clarke was appointed as the first Chief Executive Officer (CEO) for Telkom SA in 1991. Clarke was faced with the mammoth task of transforming the new company into a giant telecommunications company in the southern hemisphere. He was indeed faced with an enormous challenge: Running the company in the most profitable manner possible.

3.4.3 Changing the hearts and minds of the entire workforce

Brian was more visible than the former Postmaster General of the old dispensation. He introduced a very vibrant communication channel through which he propagated his vision. A series of scenarios: The Zoo, The Game Park and The Jungle were broadcast at regular intervals on TVN – Internal Television Network. The main idea behind these broadcasts was to paint a picture of what the company looked like prior to commercialisation, what it was like at present and what it should look like in the future. In an effort to enable transformation to take place Vision 2000 was introduced (Mr MM Dibate, 2006).

3.5 VISION 2000

Vision 2000 responds to government license agreement of providing telecommunication services to all South Africans and especially in under-serviced areas, and secondly, to provide quality telecommunications services. This drive demanded a balanced approach requiring the setting of targets for all key elements of the business as follows:

- Fixing faults more quickly
- Reducing the number of faults
- Installing new telephones faster
- Improving the affirmative action profile
- Raising the morale of employees
- Improving customer satisfaction
- Making enough money to fund network expansion and modernisation.

These targets were given equal priority, nothing and nobody was left behind in the process of driving the company into world-class status. In March 1997 Strategic Equity Partner (SEP) obtained a 30% share in Telkom to speed up the already established transformation processes (Mr O Magashula, 2006).

3.6 NEW STRATEGIC EQUITY PARTNER.

The new giant partners Southern Bell Corporation (SBC) and Telkom Malaysia did very little to change the Vision 2000 objectives except to endorse the already existing objectives as follows:

- More lines
- More training
- Better customer service
- Happier employees.

3.7 TECHNOLOGY

The world is being reshaped by technologies such as genetic engineering, automated manufacturing, and communications technology. These new technologies provide new opportunities for managers at Telkom. However, while technology should improve management efficiency, it can also become a burden. In the case of communication technology for example, people may spend so much time responding to their e-mail and communicating that other areas of their work suffer. Nevertheless, the Internet also increases the capabilities of organisations to expand their business activities through e-commerce, (Erasmus, 2005:42).

3.8 GLOBALISATION

Globalisation is the result of a shrinking world where today's communication technology makes it possible for people around the world to share, debate, and respond to information in seconds, which is done through electronic cables installed by Telkom. This, together with a decrease in trade barriers and faster transportation, makes it possible for more organisations to enter international business. This is also responsible for more competition.

Because of globalisation, where national boundaries become meaningless, business organisations like Telkom have to be able to compete internationally.

Because of the restructuring of the South African economy and the scrapping of protective import tariffs, South African business, large and small, will have to become more productive in order to survive globalisation. This challenge to Telkom also demands more stable labour relations and higher productivity levels (Weldrick, 2006:11).

Globalisation results in blurred national borders. Countries are no longer seen as operating on their own, but on a regional basis. Therefore, what happens to one country affects all the countries in the same region. Crises in Zimbabwe, for instance, have challenged South African managers to correct the impression of South Africa as a high-risk country, with special reference to Telkom.

3.9 MANAGERIAL AND ECONOMIC EMPOWERMENT

The greatest reason or challenge for change management at Telkom is to bring about the managerial and economic empowerment of previously disadvantaged people. Under the apartheid government job reservation and inadequate education and training were the main reasons for the poor advancement of black people into managerial roles. Massive management training and development, combined with internship and mentorship programmes, is needed to empower Telkom's previously disadvantaged people and to redress the inequalities of the past.

3.10 ETHICS

South Africa is riddled with crime and corruption, and desperately in need of foreign direct investors to create jobs and alleviate poverty. Telkom managers face a new challenge of stricter standards (based on generally accepted social norms) to guide the managerial work.

In South Africa the King Report 2002 on Corporate Governance has been developed as an initiative by the Institute of Directors in Southern Africa in an attempt to keep standards of governance applicable in South Africa equal to current international standards (Nkosi, 2006:22).

This report encourages the exercise of management skill, expertise, and flair in managing organisations like Telkom and creating shareholder value. The management process at Telkom must be subject to appropriate checks and balances that allow the Board of Directors to ensure that management is at all times acting in the interests of the organisation and its stakeholders.

This report identifies the following as the seven primary characteristics of good governance which serve as a reason for change management at Telkom:

- **Discipline** - the commitment by an organisation's senior management to widely accepted standards of correct and proper behaviour.
- **Transparency** - an outsider must be able meaningfully - and with ease - analyse the organisation's actions and performance.
- **Accountability** - dealing with shareholders' rights to receive and query information relating to the management of the organisation's properties and its performance.
- **Independence** - The organisation's best interest should prevail at all times; conflicts of interest should be avoided at all times.
- **Responsibility** - acceptance by the Board of Directors of all consequences of the organisation's behaviour and actions.
- **Fairness** - acknowledgement of, respect for, and balance between the rights and interest of the organisation's stakeholders (the shareholders, employees, customers, suppliers, community, and government).
- **Social responsibility** - the organisation's demonstrable commitment to ethical standards and its appreciation of the social, environmental, and economic impact of its activities on the communities in which it operates (Fox, 1991:231).

Although this report is primarily targeted at listed companies, financial services companies, and public sector entities like Telkom, the guidelines and

principles it contains are also applicable to other types of organisation as they provide a sound basis for the successful management of any organisation. Organisations are expected to apply the principles contained in the King Code 2002 with effect from the financial year commencing on or after 01 March 2002.

The question of social responsibility also bears upon the field of organisational and corporate ethics. Just as society is paying more attention to social issues and environmental concerns, so are these increasingly seen as relevant to the ethics of corporate organisations (Mahanyele, 2006:13).

Staying abreast of the many challenges facing the management of organisations is important to the success of Telkom.

3.11 CHANGE

People in every era believe that theirs is a time of unprecedented change. Most South Africans would identify the coming of democracy and majority rule from 1994 to 2000 as a time of unprecedented change, not only of the political landscape, but also of the economy and in organisations. However, change takes place throughout the world, and in fact it is industry change that is singled out as the number one reason for change management at Telkom.

An organisation that fails to align itself to its environment and to adapt to change is doomed. Change comes rapidly and unexpectedly in Africa and South Africa respectively, and management must be aware of this.

3.12 RE-ENGINEERING WITHIN THE COMPANY

The services of Gemini consultants from the United States of America (USA) were acquired in 1994 to assist in swinging the company into an up-side business mode.

As a result of their recommendations "Project Rainbow" was formed under the auspices of the re-engineering division. Primarily "Project Rainbow" dealt with customer-focused delivery processes such as

- performance improvement in terms of Service Level Agreement and sourcing of performance solutions;
- needs analysis of business, performance and on-the-job behavioural requirements;
- identification of appropriate systems and processes within the work environment;
- evaluation of customer survey and Return-On-Investment (ROI);
- customer interface to ensure customer satisfaction; and
- research and development, firstly to deal with external challenges pertaining to goal accomplishment in terms of competition and secondly internal challenges to address employee morale, skills gaps and obstacles (Cronje and Smith, 2002).

3.13 PRIVATISATION: CAN IT DELIVER?

Privatisation is a key part of the African National Congress (ANC) government policy. Privatisation is defined as a move from government to private ownership. To some privatisation connotes a reduction in the regulatory role of government. It is also defined as tendencies to increase the individual's responsibility for his/her own needs (whether such tendencies are the result of deliberate policies or broad societal trends).

According to Feighenbaum *et al.* (1998:37), privatisation is presented as a series of options available to public officials seeking to make government work better.

Privatisation from the administrative perspective represents a "box" of techniques, from which officials may draw the most appropriate channels to meet the tasks on hand. Among the tools available are contracting out, user fees, vouchers, asset sales and load-shedding. The administrative perspective presumes that government officials seek to serve public interests to the best of their ability, recognising the limitations posed by imperfect

information and the intrusion of personal biases and self-concern. It also acknowledges that the efficiency and effectiveness of specific initiatives may depend upon the organisational and economic context (Sikula, 1973:35)

The economic perspective presents privatisation as the inevitable consequence of neoclassical truth that dictates the retraction of a bulky, intrusive and parasitic state.

There are both macro and micro elements to this perspective. The main argument suggests that there are structural limitations to the relative size and intrusiveness of the public sector, that movement beyond those limits is sustainable only for short periods, and that efforts that challenge this economic reality inevitably result in stagnation and decline.

The economic perspective tends to categorise privatisation initiatives in relation to three major values namely, ownership, competition and the alignment of benefit to price. The sale of state property is treated implicitly as the most extreme (and in this sense "best") form of privatisation, because it simultaneously reduces the public sector deficit, reduces the size of the governmental apparatus, shifts decisions into the hands of private actors more attuned to market signals, and gives people a direct and material stake in promoting economic growth.

Systematic privatisation is the most widespread in its intended impact, which should have been followed by the South African government when privatising and restructuring some of the state enterprises with specific reference to Telkom South Africa. Rather than being the technocratic solution to a discrete number of specific problems, systematic privatisation aims at permanently changing working class relations.

Privatisation is defined as the process of relocating jobs from a unionised public sector to a non-unionised private sector.

The second form of systematic privatisation involves a change in the values, culture and expectations of the active public, resulting in a broadening of the sphere of activities regarded as personal and private and a shrinking of the

sphere of activities considered to constitute legitimate areas for public scrutiny and intervention. The effect of privatisation in this sense is to delegitimise the public sector. This policy is subtly to imbue broader constituencies with the ideological perspective already shared by the advocates of privatisation (Gerber, 1992:78).

According to Naggar (1989:18) privatisation is a reassignment of property rights, usually from the state to the individual or family or even community. powers that have been vested in the state are devolved to private sector.

In the view of Kay and Thompson (1991:27) privatisation is a term used to cover several distinct and possible alternatives, which means changing the relationship between the government and the private sector.

According to Leah and Vorhies (1990:23) privatisation involves the sale or transfer of state assets to private sector. It is closely related to the policy of deregulation, the elimination of state restrictions on competition and legal barriers to enter an industry.

To Curwen (1990:163) privatisation implies a transfer of ownership from the state to one or more private bodies, but in this begs a number of questions, not the least of which is whether a privatised industry should be transferred in its entirety or divided up into competing parcels. It also requires the kind of regulatory framework introduced once the company is in private hands. It involves the transfer of percentages of shares from nationalised industry into privatised industry.

According to Radebe (2004:12) the government strategy will include: "the reorganisation of business management systems, degrees of privatisation that range from partial to complete privatisation, outsourcing of functions, the inclusion of strategic equity partners as well as strategic management partners".

These strategies are intended to improve service delivery, increase the speed of restructuring state-owned enterprises and intensify the promotion of South Africa as an investment location. The researcher attempts to ask questions

based on the statement of the former Minister of Public Enterprises (name him)

3.13.1 Will privatisation achieve these goals?

3.13.1.1 The debate over privatisation

The debate arose from the promoters of privatisation and the opponents of privatisation.

Section 189 of the Labour Relations Act. (dismissal based on operational requirements).

The law allows the employer to dismiss a worker if it is necessary to improve the operational running of their business. For, example, operational requirements could be the need to increase profit of the company and introducing new technology to change the business. This kind of dismissal is not seen as an unfair labour practise as per the Labour Relation Act (LRA).

3.14 THE PROCESS FOR CHANGE MANAGEMENT AT TELKOM.

3.14.1 First-order versus second-order change

To be able to understand change management, one needs to understand the difference between first-order and second-order change.

First-order change is referred to as “evolutionary” or “gradual” change. When Telkom improves its current communication-services process incrementally to become more efficient, it is implementing a change of the first order. This type of change is often localised (it impacts on the communication department only), without major repercussions to other parts of the system. The company as a whole remains intact and no over-all change of its former state occurs in spite of the incremental change to its communication department.

Second-order change is often referred to as “radical” or “revolutionary” change. Telkom South Africa, the Communication Service Company, had to

cut cost by forty per cent to become competitive internationally and to be on par with the benchmark in the telecommunication companies (Fox, 1991:167).

This required a massive re-engineering of the entire organisation - not just its processes. The re-engineering impacted on all Telkom employees, who had to reapply for their jobs, it impacted on the technology used in Telkom, and on the systems that are implemented.

Change management in the 2000s will be more of the second-order variety and less of the first-order variety. This is due largely to many technological breakthroughs that revolutionise the way business is conducted. To cope with the change, managers will be expected to show a level of courage that wasn't previously required. A brief overview of change inside the organisation and of the process of change will help to clarify the concept of change management.

3.15 CHANGE INSIDE TELKOM.

A variety of forces inside Telkom may cause change. Whenever owners revise the mission of the organisation, or when top management revises its strategies, organisational change is inevitable.

Other internal forces' will for change may be reflections of external change: A competitor like Vodacom South Africa, MTN South Africa, Cell C South Africa etc, may embark on a new way of offering communication services to the market that may impact on Telkom South Africa's strategy. A new law such as the Employment Equity Act of 1998 may require changes in the employment patterns.

In such cases, even though the force is rooted in the external environment, the organisation must respond directly to the internal pressures it generates. The response will be in two basic ways, namely through reactive change or through planned change.

Because of the fact that change is often unexpected, managers may react to it in a reactive way. This approach is usually hurried and poorly planned, and therefore it is sometimes called crisis management. Planned change is a

change process that is planned and executed in anticipation of future events and changes.

3.16 THE CHANGE PROCESS

3.16.1 The trigger for change

Change, or rather the need for change, may be triggered by a decline in turnover, a union strike like for example, Communication Workers Union launching a strike against Telkom, a large budget deficit, or leadership's awareness that other organisations like competitors are changing their structures, their service offerings and method of production. This means that change is inevitable.

3.16.2 Determination of the desired outcome of the change intervention

Once the need for change has been identified and is clearly defined, managers at Telkom must clearly state the desired outcome of the change intervention. This includes a new organisation structure that decentralises decision making to improve performance, a new reward system to pay for performance, and so on. The reason for the 40 per cent cost reduction at Telkom was explained to managers and employees, namely that the company could only survive in the international environment if they adjusted to the benchmark for telecommunications service providers worldwide (Mrs SH Kodi, 2006).

Diagnosing the causes of change management at Telkom

Telkom managers must diagnose the causes that necessitated change. If the cause of change was declining sales, then the reasons for the decline must be analysed and corrected accordingly.

3.16.3 Selecting an appropriate change technique

The change process requires management to select a change technique or a change agent. Change agents are those people in the organisation who make change happen, like for example managers at Telkom and the employees at

Telkom. If the need for change revolves around new skills, retraining may be required. The new Employment Equity Act of 1998 in South Africa calls for the empowerment of black people in organisations. The change technique in this case may be to retrench whites to make room for the appointment of blacks (Cronje and Smith, 2002:132).

3.16.4 Plan for implementation

After the change technique has been chosen, management must plan its implementation by considering such things as the cost of change, budget implications, target dates, and the influence this will have on the rest of the organisation.

3.16.5 Implementation

The final implementation of the plan must take place.

3.16.6 Evaluation and follow up

Once the change intervention is implemented by the change agent, it must finally be evaluated to see if it was successful. If the change intervention is not completely successful, further change may be necessary.

3.16.7 Areas of organisational change

Many organisations fail to implement change successfully because they tend to deal with each area of organisational change in isolation, instead of looking at change management from a systems viewpoint.

3.17 LEWIS'S CHANGE MODEL

3.17.1 Unfreezing current behaviour

In order to cause change, according to Lewis (2001:105), one must “unfreeze” the current behaviour. To improve productivity an organisation may inform the workforce of impending lay-offs or the closing of certain of its plants. According to Van der Walldt and Du Toit (1997:255), unfreezing refers to the preparation for change and involves three actions, namely, recognising the

forces for change, identifying the need to change and diagnosing possible obstacles. With regard to the forces of change, forces may arise from both outside and inside the institution. Political, social and economic changes can, for example, require organisational change. In the micro-environment of the institution a change in policy, products or services can require changes in work procedure and organisational structure. The recognition of the need involves the gathering of information on the change forces to obtain clarity on their impact. The identification of obstacles supposes that management must be aware of the possible areas that must be improved and the symptoms that can be indicative of future obstacles. The causes rather than the consequences of obstacles in the institution must be identified. In the view of Fox *et al.* (1991:167) unfreezing is aimed at increasing the awareness of the need to change. The status quo is disturbed by the reduction of the strength of current attitudes, behaviours, and values. According to Cave (1994:61), in this model actions are taken and programmes put in place to 'unfreeze' people within the organisation, to put aside long-held beliefs and values and become receptive to a new way of operating and, indeed, of looking at the world.

3.17.2 Changing behaviour

To change the behaviour of the workforce, management may decide to create training interventions to assist individuals and teams to improve their productivity. Alternatively, management may decide to negotiate with the workforce for specific reward packages.

According to Van der Walddt and Du Toit (1997:255) change involves the thorough modification or adaptation of people, structures and technology. The identification of alternatives for the development of the public institution should be handled with the greatest circumspection. Rapid changes that are not preceded by proper unfreezing can lead to resistance. All possible alternatives must be identified. The analysis of limiting factors such as management styles, organisational structure and organisational culture is necessary in order to analyse their influence on existing strategies, systems and structures. A choice of alternatives or methods of change is necessary to

establish a suitable strategy for the implementation of change. The overcoming of resistance is extremely important since resistance is usually an inherent part of change. The way in which employees respond to change can depend largely on the extent to which participatory management is applied, as well as the extent to which they are committed to the required situation.

According to Fox *et al.* (1991:166), changing reflects the action-orientated phase. Explicit changes are brought about by developing new attitudes, behaviours and values.

3.17.3 Refreezing behaviour

To ensure that the implementation of the change is successful, management then needs to “refreeze” the behaviour. This can be done, for instance, through a permanent upward adjustment of salary for those remaining in the organisation. According to Van der Walddt and Du Toit (1997:256), refreezing is the final stage that is designed to maintain the momentum of change. Positive results of the transitional phase are “frozen” (established and maintained). The implementation and monitoring of the change strategy require certain criteria according to which progress can be measured. These criteria provide information on the cost and benefits of change as well as the opportunity to render constructive modifications over time. Inadequate refreezing can lead to change not being fully implemented.

In the view of Fox *et al.* (1991:166) refreezing stabilises the change that has been brought about. The new state which has been reached becomes *status quo* and must be sustained. According to Cave (1994:62), refreezing has clear implications for the way in which people are to be managed within the organisation.

3.18 ATTITUDES AND PERCEPTIONS OF OFFICIALS AND EMPLOYEES TOWARDS CHANGE MANAGEMENT AT TELKOM

3.18.1 Introduction

A change in the organisation's strategy may necessitate a change in the beliefs, values, and attitudes of the people in the organisation. It can also include changing the competency levels of employees. Changing the beliefs, values and behaviour of people also entails changing the corporate culture of the organisation. Just as an individual's personality determines his or her behaviour, shared values and beliefs form the basis of a particular culture that influences the behaviour and performance of the organisation. In many cases a corporate culture, such as a union-driven corporate culture or a power-driven culture, impacts negatively on the strategies and performance of the organisation, and may have to be changed. Despite a thorough knowledge of the areas of organisational change and a process of planned change, most organisations fail in their efforts to change. The reasons for this failure revolve around resistance to change. This should be expected, as change is essentially about people adapting to it.

3.18.2 Resistance to change

According to Fox *et al.* (1991:166) change increases uncertainty and research shows that people dislike uncertainty. Change requires individuals to exchange the known for the unknown. Both individuals and groups fear that change may adversely affect their interests. Therefore, individuals and groups will frequently create barriers to change, even though this change may prove beneficial to them.

It is generally accepted that any effort to bring about change is sure to meet with resistance. Change threatens the *status quo* and tends to increase ambiguity and uncertainty. Robbins (1980:345) quotes as an example the fact that older people tend to resist change more than younger ones, and states that this is so because older people have generally invested more in the current system and, therefore, have more to sacrifice by adapting to change.

Instead of stating that some people have had twenty years of experience, one should rather say that they have had one year's experience twenty times. After investing little time and effort in developing their skills, such individuals have much to fear from the introduction of new procedures and technological innovations.

According to Van der Walldt and Du Toit (1997:257) change involves a move away from the known to the unknown and naturally uncertainty arises among employees on whether their services will be required in the future situation and/or whether they will be able to adapt to change.

A practical example of such a situation is the programme of restructuring state enterprise in the case of Telkom in South Africa, which may create resistance, particularly among older employees.

If resistance to change is not managed, this can lead to high stress and anxiety levels. This in turn leads to various forms of poor performance, resistance to change and irrational action.

Change triggers emotional reaction because of the uncertainty involved. Therefore, in planning for change, management should always take resistance into account. This can be done by understanding the reasons why people resist change.

3.18.3 Reasons for resistance to change

3.18.3.1 Threatened self-interest

Employees care less about the organisation's best interest than their own best interest. They will resist change if they think it will cause them to lose something of value. What could employees fear to lose? At worst, it would be their jobs, as in the case of a plant or unit closing down or restructuring of the whole state enterprise. It may be assumed that almost every member of an enterprise will act in a way that will be conducive to the achievement of his or her personal goals. When suggestions for change do not correspond with an individual's personal goal achievement it is likely that there will be resistance.

A sample listing of personal interests or goals which, when threatened, will provoke resistance, is as follows:

- Power over organisational resources
- Money in the form of current or future income
- Prestige and respect of other employees, friends and family
- Convenience, as far as personal effort is concerned
- Security in personal power, prestige or income
- Professional competence, including respect of peers for knowledge and technical proficiency.

3.18.3.2 Uncertainty

Perhaps an even bigger cause than the threat to self-interest is uncertainty. Employees' inherent aversion to change is caused by the uncertainty created by the possibility of losing a job, of having to relocate, or of having to undergo training. Employees are inclined to show resistance when they do not understand the intended purpose, mechanics and consequences of a particular change. This usually happens when there is a lack of confidence between the parties involved in the initiation and acceptance of change. An important point here is that the employees do not resist change as such, but rather the uncertainty accompanying change (Sikula, 1973:90).

3.18.3.3 Lack of trust and misunderstanding

Even when management proposes change that will benefit everyone, employees will still resist it if they do not fully understand the purpose. Such a situation is most likely to occur when there is a lack of trust between the parties involved.

Distrust and suspicion often result in rumours and distorted information and may become an effective obstacle to change.

3.18.3.4 Different perceptions

Perceptions of the costs and benefits of a proposed change depend on what individuals think change will mean for themselves and their organisation.

Differing perceptions of the benefits of proposed change occur when information on the change is not properly disseminated.

Employees are often exposed to different, and often less, information than management and may not understand the full consequences of change.

3.18.3.5 Difference in value assessment

Resistance to change often occurs when members of an enterprise differ in their assessments of the cost and benefits which would result from a suggested change. Differences in the assessment of the effectiveness of a suggested change are often the result of insufficient information about change.

3.18.3.6 Low tolerance for change

Employees resist change because they fear they will not be able to develop the new competencies necessary to perform well. Although individuals often understand the necessity for change, they may be emotionally unable to accept the change. According to Gerber *et al.* (1992:109), finally resistance to change may be the result of a low tolerance for change among those affected by such change. They further indicated that different people have different capacities for absorbing change. Many people perceive the unknown consequences of change as a psychological threat to their feeling of competence

3.19 THE RESEARCHER PROVIDES THE FOLLOWING LIST OF QUESTIONS TO BE ANSWERED BEFORE CHANGE IS INTRODUCED:

- How much resistance will the suggested change cause?
- How will this resistance manifest itself?

- What is the relationship between the parties concerned?
- Do all the parties concerned have the required information to understand the underlying reasons for the suggested change, as well what benefits will be derived from it?
- Have the process of change and its consequences for individuals been spelt out clearly?
- Have real incentives been provided for the acceptance of the suggested change?
- What are the consequences of introducing or not introducing the suggested change?

The answers to these questions will determine how Telkom management should implement a particular change.

Gerber *et al.* (1992:108) indicated that although in theory it is assumed that resistance to change usually comes from the workers, this is not so. Managements of enterprises often display even more resistance to change. For example, "We're just not ready yet. Our company is (is not) in union. That would never work in our industry. That's all right in a high technology industry, but our people aren't that educated. The plant (company) is a lot larger (smaller) than ours. It might work in Japan or USA". According to Telkom (2005:21) an investigation reveals that employees who show the potential of adapting to change management may generally be regarded as good and well-motivated employees. **They are**

- employees with an exceptionally full programme;
- employees showing leadership qualities;
- employees on whom others depend for support;
- employees who would like to be accepted;
- idealistic employees;

- employees who enjoy leading others and readily accept responsibility;
- employees who complete tasks faster than the average employee;
- employees who get impatient easily;
- employees who have no problem in functioning under pressure;
- employees who get bored easily and welcome change and variety;
- employees who look for challenges;
- employees who like being in the limelight;
- employees who are proud of their achievements;
- employees who cannot relax and do not want to be idle;
- employees who are always emphasizing the urgency of tasks;
- employees whose performance is above average;
- employees whose work is the most important subject of their lives;
- employees who attach importance to their image and efficiency at work;
and
- employees who are perfectionists.

The opponents of change management originate from employees, trade unions and community structures. The opponents of change management are not convinced by the above motivation. Their grievances are as follows regarding change management:

The private sector will only invest where there are high levels of profit. This could mean that the goal of providing the service will change from general welfare to profit maximisation. Change management means trouble to workers, reduced wages, unemployment, harsher working conditions, because Telkom cut cost to make profits at the expense of workers (Mr KM Mokgoadi, 2006).

Change management will weaken the trade unions' power. This will increase user charges and reduce service access to the working class and the poor. This will further undermine accountability of those who provide a service. Change management shows support to the shareholders who are only concerned about profits (Mr S Aphane, 2006).

As a result trade unions campaign, because they have generally argued that change management does not serve the interest of the working class and the poor. Employees further state that they are not opposed to developmental restructuring. They will fight against any restructuring process that jeopardises their employment opportunities, cuts down their benefits whilst also doing nothing to advance the country's developmental agenda (Timmons, 1994:61).

3.20 DIFFERENT CAMPAIGNS FROM EMPLOYEES TOWARDS TELKOM CHANGE MANAGEMENT

All the campaigns employees are involved in are informed by their mission to promote, defend and advance the interests and aspirations of workers, especially the interests of those workers in the communication industry of South Africa. This mission is reflected in campaigns such as:

3.20.1 Restructuring Campaign

Employees' contribution to Telkom's restructuring programmes is that any restructuring of the company should contribute to better quality products and services at affordable costs whilst not undermining job security and better job opportunities.

3.20.2 Job Summit Campaign

This campaign was established to represent workers as a resolution directly from all stakeholders to contribute towards defending jobs and creating more and better job opportunities.

3.20.3 Anti-privatisation Campaign

This campaign is based on the fact that the selling of State's communication infrastructure to private hands only serves the interests of capitalists at the expense of workers and the masses of our people in South Africa.

Collective vision of both employees and employers towards change management at Telkom

Telkom management and the unions commit themselves towards change management at Telkom. The parties henceforth commit themselves to co-operate in the agreement upon processes and structures which are designed to give effect to such changes.

Acknowledging that the company needs to be customer-driven in a very competitive environment, the parties agree that the provisions of this agreement should therefore not be utilised to unduly retard, obstruct and halt progress towards transforming the enterprise. Disputes which are declared in one area of engagement will not be used to impact other non-affected areas on transformation. This entire task will be done by the Strategic Transformation Committee.

3.21 WHY ARE WORKERS VICTIMISED FOR SINS OF THEIR SENIORS?

The collective-guilt approach that senior Telkom management wants to impose on workers masks the evil intention to erode their benefits to the bone.

It also hides the drive to deal with workers as individuals, not as collective with the representative trade union. This collective punishment for failures cannot be distanced from the strategic approach of the company (Mfanafuthi, 2002:30).

The strategic restructuring approach of the company is formed by capitalist greed and not by the need to restructure the company so that it can serve the interests of all the people of our country. That is why their restructuring, or better still, change management is resulting in massive destruction of jobs and increasing costs of services.

Views and aspirations of workers were not taken seriously when this strategic approach was adopted. "We are losing our jobs and our communities are paying higher rates for Telkom services through no fault of their own making."

3.22 Restructuring and job losses

In order to curb the tendency of management to embark on unilateral restructuring and to ensure participation of the organisation in the process of restructuring, congress resolved as follows:

- To engage government and management with a view to bring all the restructuring efforts of state-owned enterprises(SOEs) under the auspices of the National Framework Agreement (NFA);
- To work out mechanisms that will ensure that management of these SOEs are also bound by the provisions of the NFA and agreements made at the level of the NFA;
- To demand that shareholders agree with regard to the Strategic Equity Partner (SEP) in Telkom and the Strategic Equity Management Partner (SMP).

Demands and pressures affecting employees as a result of change management at Telkom

Efforts to adapt (usually reactive) or change (proactive) result in increasing pressure on employees. In a time of rapid change, employees are often faced with vague, obscure, conflicting or incomprehensible demands. They are at the same time given limited guidance, and are expected to meet unrealistic deadlines (Sepuduma, 2005:24)

They are often given too much information that is not relevant to the task at hand, and are also faced with conflicting value systems, vague role expectations and a sense of permanent and unclear responsibility.

Employees seem to react to these increasing demands and pressures in one of two ways: They either accept the situation as a challenge, or they perceive

it as a threat. This behaviour is linked to the resistance to change mentioned earlier.

If the employee perceives increasing demands and pressure from management in the enterprise as a threat, one or more of the reactions may be expected (Gerber *et al.*, 1992:112).

An employee who reacts negatively, passing off demands as unrealistic in the belief that his or her ability, skills and knowledge are sufficient, will soon find himself or herself in a group of employees regarded as redundant by the enterprise.

Such an employee runs the risk of being demoted, reaching a dead end in his or her career, or at worst, being dismissed or applying for an employee-initiated severance package.

Similarly, employees showing an attitude of avoidance place a burden on the enterprise through increased absenteeism, psychosomatic illness, avoidance of responsibility and a tendency to drop out.

Active resistance to change and adjustment, and distortion of demands among employees are major problems within any enterprise and may seriously hamper efforts towards development and renewal.

An employee who reacts in this way is a burden on the enterprise and contributes largely to the resistance to change syndrome which affects the survival of the enterprise at management level in particular. Threat reactions on the part of the employee are therefore mostly unsuccessful and negative in terms of the success of the enterprise.

On the other hand, employees who accept the challenge of new demands and pressures resulting from technological change are the source of the survival of any enterprise. Some of these employees are successful in their efforts to change, and succeed mostly by means of continued studying, perseverance and future-orientated attitude.

Most employees are not fit for the demands made on them, and in many cases these demands exceed the human limits of adjustment and change. Such employees often become the victims of stress, showing symptoms such as frustration, fatigue, insomnia, anxiety, reduced commitment, dissatisfaction at work, moodiness, a guilt complex, absent-mindedness, concentration problems, and physiological symptoms such as hypertension.

Continued pressure and repeated failure in an employee's efforts to adjust and change could cause depression and eventually culminate in the so-called burnout syndrome. Robbins (1983:37) describes burnout in the context of the enterprise as follows: "This leads to a definition of burnout as a response to chronic emotional stress with three components: (a) emotional and physical exhaustion, (b) lowered job productivity, and (c) over-depersonalisation.

Literature on this subject clearly shows that change management is likely to cause permanent damage, as the term itself implies. In other words burnout is an extreme condition - the end product of a process linking various problems, such as stress and depression.

Change management may be recognised by the following symptoms which illustrate the seriousness of the condition on employees: chronic fatigue, constant depression, unrealistic need for recognition, cynicism, aloofness, acute boredom, withdrawal and emotional blunting, mechanical body movements, paranoia, disorientation and loss of contact with reality, muscle strain, psychosomatic illness, heart disease and self-destructive tendencies.

The most upsetting aspect of change management at Telkom is that every employee who makes an active effort to adjust, change and keep abreast of increasing demands may become a victim.

3.22 SUMMARY

Communications Workers Union (CWU) and Telkom had entered into a framework agreement to regulate negotiations about job security and retrenchments.

This framework simply outline timeliness by which certain objectives need to be achieved, amongst them the conclusion of an agreement on job security/retrenchment.

The agreement went further to state that if and when Telkom needs to engage in staff optimisation for its business needs, it shall and must not retrench workers but consider amongst other things the offering of voluntary severance packages to affected workers. This means that

- Telkom shall and must not retrench workers;
- Telkom shall and must not force workers to take voluntary severance packages;
- Telkom shall not and must not consider only voluntary severance package as an option in staff optimisation.

CHAPTER FOUR

ATTITUDES AND PERCEPTIONS OF OFFICIALS AND EMPLOYEES TOWARDS CHANGE MANAGEMENT AT TELKOM

4.1 INTRODUCTION

Chapters one to three were mainly compiled through a literature research of relevant books, legislation and official government publications. This was done to theoretically analyse and describe an exposition of change management, the nature of change management, and processes in essence entailing knowing how to deal with humans in a wide range of environmental factors. In this regard it was established that change management was not as successful as was anticipated. This statement was supported by Telkom departmental annual reports, Communications Workers Union reports, government reports on restructuring state-enterprises and other documents that indicated that proper processes and systems were not put in place for the effective implementation of change management at Telkom.

The main objective of chapter four is to empirically indicate from a senior management, middle, operational, retrenched, existing employees' and union representatives' perspective what went wrong during the change management process. These empirical findings were mainly achieved through sampling, structured and semi-structured interviews with two senior managers, 10 middle managers, 10 operational managers, 10 union representatives, 10 retrenched and 10 existing employees at Telkom. The findings of this empirical research will also provide a solid base for the recommendations in chapter five on what could and should be done by Telkom to enhance and apply effective change management in their respective regions and departments.

4.2 THE CONTENT AND CONTEXT OF THE DEPARTMENTAL SURVEY

Between March and September 2006 structured, semi-structured interviews and sampling were conducted with two senior managers, two middle managers, 10 operational managers, 10 union representatives, 10 retrenchees and 10 existing employees at Telkom. This represents a 100 percent sample of the total population within different levels and strata that were actively involved and had firsthand experience regarding the employee perceptions of change management at Telkom. The interviews mainly involved perceptions on processes, procedures and systems put in place to ensure balanced decision making at Telkom. The functional activities and positions of these managers, retrenchees, union representatives and existing employees can be divided into the following functional activities.

4.3 REGIONAL CO-ORDINATION

Each subregion within Vereeniging is headed by a Director (top manager). The region is demarcated into the following three subregions with Vereeniging as their main branch:

- Vanderbijlpark
- Meyerton
- Vereeniging

The top managers control the organisation and the final authority and responsibility for the execution of the management process rest with them. They are responsible for the co-ordination of various functional programmes and the administration of basic corporate functions. Telkom has created subregional offices and service points in these regions in order to ensure the decentralisation and creation of access to services. Both managers that are top or senior managers, middle managers, operational managers, representatives from the communications workers union, retrenchees and current employees at Telkom responded to the interviews that were conducted.

4.3.1 Management and leadership development

Management and leadership development in Telkom are aimed at building management leadership capacity of the organisation. All management and leadership development initiatives are linked to Telkom's leadership model.

The management and leadership development cater for the following management levels, namely:

- Fundamental Management Programme
- Operations Management Programme
- Middle and Senior Leadership and Management Development Programme
- Executive Development Programme
- Senior Executive Development Programme

A multi-rated leadership competency survey is conducted on an annual basis to development areas for management and leadership.

4.3.2 Middle managers

They are responsible for departments of the organisation and they are primarily concerned with implementing the policies, plans and strategies formulated by top management.

4.3.3 Executive Development Programme managers

They are shaping the future of Telkom and are responsible for medium-term and short-term planning, organising functional areas, leading by means of the departmental heads, and controlling the management activities of middle manager's own departments.

4.3.4 Senior Executive Development Programme managers

They monitor environmental influences that may affect their own departments. Their focus areas are corporate restructuring, downsizing and decentralisation of decision making.

4.3.5 Operations Management Programme managers

They are also known as first-line management. They are responsible for smaller segments of the organisation, namely, fixing the lines from households or customers, installing internet cables and connecting telephones to respective customers.

4.3.6 Fundamental Management Programme managers

They are responsible for the examination of the management process as a whole: the planning that management has to do, the organisation that managers have established to carry out their plans, the leadership that management has to assume to get things done, and the control that has to be exercised over the whole process at Telkom.

4.4 FUNCTIONAL PROGRAMMES SURVEYED

These programmes are special packaged services, which determine the way in which Telkom Vaal Region interacts with service beneficiaries. The following senior, middle, operational and supervisory managers within their respective functional capacities were interviewed:

4.4.1 The Director (top manager) Fundamental (Technical)

The main function of the Directorate is to implement technologies used by Telkom and make sure that they fit into the company's value chain.

4.4.2 The Director Fundamental (Sales and Marketing)

The main function of the Directorate is the commercialisation of technologies invented by Telkom SA and relevance of the sales and marketing function within the company.

4.4.3 The Director Technology Business Programme

The main function of the Directorate is cross-function knowledge of employees from the Sales and Marketing employees and those from the external environment.

4.4.4 The Deputy Director General Manager's Programme

The main focus of the Directorate is to build leadership bench strength and developing leadership competencies specific to the Information, Communication Technology (ICT) Industry.

4.4.5 The Deputy Director Nest Generation Networks (Professional)

The main function of the Directorate is to build a highly specialised skill base in the departmental areas of Telkom subregions.

4.5 ANALYSIS OF DATA

The following open-ended questions were asked to the senior, middle, operational, supervisory managers, union representative, employees and the retrenchees at Telkom:

- What are the reasons and processes for change management that occurred at Telkom?
- To what extent has change management affected the attitudes and perceptions of officials and employees at Telkom?
- What are the manners in which the change management process was communicated at Telkom?
- What are the incentives and processes associated with change management?
- Were the service standards effectively communicated to the customers and employees?

- How does the change management process affect middle, senior, supervisory and operational management negatively and positively at Telkom?
- Was the process of voluntary packages and early retirement effective?
- In your opinion what can you recommend in order to apply effective change management at Telkom?
- What are the barriers to effective change management?
- What are the consequences of losing a job and your possessions?
- Is there any mechanism in place to grant shares and share options to the management and the employees?
- What are the conditions applicable to service contracts and severance arrangements?

The managers' and employees' perception regarding the above questions were the following:

4.5.1 Perceptions regarding the reasons and processes for change management that occurred at Telkom

- Two (20 percent) of both managers were of the opinion that the reasons and processes for change management are found in the changing landscape at Telkom.
- Ten (60 percent) of which five were retrenchees and five employees indicated that the reasons and processes were caused by Vision 2000.
- Two (20 percent) of the respondents from Communications Workers Union indicated that the reasons and processes are caused by re-engineering within the company.

4.5.2 The impact of change management on the attitudes and perceptions of officials and employees

- Four (40 percent) of the respondents from the management levels believed that this is a management challenge on their side.
- Ten (60 percent) of the respondents (employees and retrenchees) believed that this is because Telkom wants to change the hearts and minds of the entire workforce.
- Two (20 percent) of the respondents were from the Communications Workers Union: One representative indicated that this is because of privatisation whilst another representative was of the view that it is because of managerial and economic empowerment.

4.5.3 Effective communication process of change management

- One (10 percent) of the respondents of the top management believed that they were informed as early as 1999 about the change management at Telkom, whilst one (10 percent) from middle management believe that they were informed via electronics about Vision 2000.
- Five (30 percent) of the respondents from the employees indicated not all of them were informed in time. Five (30 percent) of the respondents from the retrenchees indicated that they were informed by retrenchment letters and some by their former colleagues.
- Two (20 percent) of the respondents believed that this was done to victimise the employees at the expense of profit.

4.5.4 The provision of incentives and processes associated with change management

- Two (20 percent) respondents from both managerial levels indicated that Telkom's remuneration and reward strategy aims to attract, retain and motivate employees. They also indicated that employees who contribute to the company's success are remunerated competitively. They indicated that

the company-wide incentive scheme has recently been reviewed to support the employees. They highlighted that they both qualify for housing and medical aid as benefits attached to their service.

- Ten (60 percent) respondents from workers and retrenchees believed that benefits are available for skilled and semi-skilled employees. However, for unskilled employees there are no benefits such as housing allowances only medical aid and pension fund, and staff association is optional.
- Two (20 percent) respondents believed that benefits will only be realised through their intervention by engaging the management through a mutually beneficial relationship by strengthening job security of employees, by minimising job losses and creating a climate of acceptance between management and employees.

4.5.5 The identification of service needs and aligning it with the expectations of beneficiaries

- Two (20 percent) respondents from the management levels agreed that the service needs and expectations of beneficiaries or customers were effectively identified within different subregions. They believe that this is further supported by the number of offices open for customers to buy the services rendered by Telkom.
- Ten (60 percent) respondents from employees and retrenchees were sure that all this was done to maximise profit which is earned by managers and the board of directors. They indicated the impact of monopolistic and higher prices charged on Telkom products.
- Two (20 percent) said they believed that the service needs and expectations of beneficiaries were not effectively identified.

4.5.6 Perceptions of the senior, supervisory, middle and operational management on change management at Telkom

- Three (30 percent) respondents from the management levels both senior, supervisory and middle believed that these changes are a great challenge and will yield profits and empower Telkom management globally.
- Two (20 percent) respondents from senior (directorates) believed that Telkom will meet the world standard of communication services and competition will enable Telkom to grow via change management.
- Five (50 percent) respondents from the operational managers agreed that they fear to lose their jobs because thousands from the management level have already lost jobs since 2001.

4.5.7 The effectiveness of early retirement and voluntary packages

- Two (20 percent) respondents from senior managers and supervisory levels believed that voluntary packages and early retirement were in accordance and complying with the Employment Equity Act, 55 of 1998.
- Ten (60 percent) respondents from middle managers, operational employees at Telkom and the retrenchees indicated that early retirement was optional to unskilled employees. Voluntary packages were based on last in first out, and were not optional but based on that (LIFO) model.
- Two (20 percent) respondents from Communication Workers Union representatives indicated that this is a jobs bloodbath and causes poverty. They further indicated that most state-owned communication industries in our country are gripped in terrible clutches of privatisation.

4.5.8 Recommendations in order to apply effective change management

- Ten (60 percent) respondents from the management levels indicated that they are satisfied with fair remuneration practices which are now followed and further indicated that executives are being remunerated in line with the market.

- Two (20 percent) respondents from employees and retrenchees at Telkom believed that those who are still employed are lucky because changes will be part and parcel of their daily lives and their packages will improve because of independent remuneration consultants which advise the Remuneration Committee of the Board of Directors on the remuneration of executive management and overall employees at Telkom.
- Two (20 percent) respondents from Communications Workers Union indicated that through their struggle they will engage Telkom into negotiations and further indicated that there will be work and security for all Telkom employees.

4.5.9 The obstacles which hamper effective change management

- Three (30 percent) respondents from senior, middle and supervisory management indicated the barrier to effective change management is denial. They further explain that individuals deny that the change actually exists. They indicated that he/she refuses to acknowledge that something of any significance has changed in their lives.
- Two (20 percent) respondents from operational managers believed that barriers to effective change management are caused by shock, which means that employees are frozen by fear . They are unable to reason and plan.
- Three (30 percent) respondents from Telkom employees and retrenchees believed that obstacles are caused by internalising, which means requiring more skills from modern managers and leaders. One (10 percent) indicated that barriers are caused by looking for meaning of change management, that this will make him/her trying to make sense of what the change will mean in their lives.
- Two (20 percent) respondents from Communications Workers Union representatives indicated that barriers are caused by restructuring state enterprises at the expense of working class instead of creating employment.

4.5.10 The outcome of losing a job and the possessions or belongings

- Six (60 percent) respondents from both managers from different management levels believe that this is a challenge to everyone, which means searching for greener pastures when circumstances required.
- Two (20 percent) respondents from Telkom employees and retrenchees indicated that the outcome is divorce, depression, heart attack, de-registering of students at higher learning institutions, decrease in learners' enrolment at schools, vulnerability to incurable diseases, hopelessness and poverty.
- Two respondents (20 percent) respondents from Communications Workers Union representatives indicated that this is a satanic restructuring drive.

4.5.11 Allotment of shares and share options to the management and employees

- Six (60 percent) respondents from managers indicated that they are allowed to buy shares which mean that they are the co-owners of Telkom, because they were given the opportunity to buy millions of ordinary shares.
- Two (20 percent) respondents from employees at Telkom and retrenchees indicated that only employees who were permanently employed by Telkom on 4 March 2003 and former employees who were permanently employed by Telkom on or after October 01, 1999 up to the listing date on March 04, 2003, including estates of deceased employees were allowed to buy shares. Employees who voluntarily resigned, were dismissed on disciplinary grounds or appointed from March 04, 2003 onwards were excluded from participation.
- Two (20 percent) respondents from representatives indicated that workers were classified as eligible employees but were finally excluded from participating in the scheme.

4.5.12 Determination of the conditions applicable to service contracts and severance arrangements

- Six (60 percent) respondents from managers indicated that service agreements with certain executive managers have been concluded by Telkom. They further indicated that the service agreement for the Chief Executive Officer has a three-year term and is subject to termination by each party giving six months' notice.
- Four (40 percent) respondents from Telkom employees and former employees indicated that they were given three months' notice, therefore, certain amounts are payable to them on signing the agreement and at specific intervals, and are repayable if an executive resigns before a date stipulated in the agreements. They indicated that some of their services are of an indefinite duration, but are subject to termination by either Telkom or the party concerned.

These are the findings of the open-ended questions. Open-ended questions are susceptible to solicit open-ended responses. The focus of the following topic intended to reflect the relationship between the literature review, observations of the previous chapter and the empirical findings of the current chapter four.

4.6 A HOLISTIC PERSPECTIVE ON EMPLOYEE PERCEPTIONS OF CHANGE MANAGEMENT AT TELKOM

Through the analysis of the empirical findings it was possible to identify specific trends in terms of employee perceptions regarding change management at Telkom. The following trend strengthens the observation, findings and conclusions of chapter three.

4.6.1 Multidimensionality and complexity of change management at Telkom

Six managers (60 percent of the respondents) share a common view that employees must accept reality, which means employees must accept change

and start to break away from past links, because Telkom is in competition with other telecommunication Industries around the world. Forty percent respondents from both former employees and current employees at Telkom identify specific trends such as:

- Depression and anger
- Testing (During this period the employee tests his or her ability to cope with change)
- Looking for meaning
- Internalising
- Shock
- Denial

The above tendencies need to be taken into consideration during strategic planning by senior management.

4.6.2 Failure to effectively identify and narrow down the improvement gap

The identification of the improvement gap and its systematic narrowing down is the determining measuring instrument for the success of employee perceptions of change management at Telkom.

Five (50 percent) from the management levels indicated that the improvement gap has been identified but the greatest challenge lies with the management to narrow down the gap, in which Telkom was successful. In this regard one (10 percent) of the respondents indicated that this cannot be achieved without changing landscape at Telkom, changing the hearts and minds of the entire workforce, re-engineering within the company and running the company in the most profitable manner possible. The closing of the improvement gap is a critical element for the success of employee perceptions at Telkom. The main aim of the change must be to prioritise the needs of the employees and considering their views before any changes can take place.

4.6.3 The role of managers in managing change

4.6.3.1 External adaptation issues

This refers to problems of external adaptation and survival linked to:

- Mission strategy: Obtaining a shared understanding of core mission, primary tasks, manifest and latent functions.
- Means: Developing consensus on the means to be used in attaining the goals, such as the organisation structure division of labour, reward system and authority system.
- Measurement: Developing consensus on the criteria to be used in measuring how well the group is doing in fulfilling its goals, such as the information and control system.
- Correction: Developing consensus on the appropriate remedial or repair strategies to be used if goals are not met.

4.6.4 Types of process interventions which made a solid base for employees

- Resolving misunderstandings on what employees are saying by providing a summary of the major points.
- Taking the ideas or feelings of one person and attaching them to the entire group.
- Seeking additional information and asking questions when the employees need additional information.
- Listening - hearing the entire message including the feelings and communication.
- Providing support, coaching and counselling
- Feedback and observations - feedback to employees on the change process.

4.7 CONCLUSION

The empirical findings of chapter four suggest that the employee perceptions of change management at Telkom have been top-down, non-participatory, flawed from the start and are likely to cause dissatisfaction among the employees. It seems evident that the change management process has not been fully established in terms of the Employment Equity Act, 55 of 1998. The following main shortcomings in terms of employee perceptions of change management at Telkom have been identified:

- There were no involvement and commitment of all stakeholders in the planning and execution of the change management process.
- There was no clarity on that which identified the need for change.
- There was no establishment of what the results of the change management process should be.
- The enabling structures were not well aligned.
- There were no building-up of reliable feedback mechanisms to monitor, manage and eventually evaluate the change management process.
- There was a lack of developing result-oriented rather than activities-oriented strategy for change management.

Against the above background it can be concluded that there were definite shortcomings in the way the employee perceptions of change management at Telkom was perceived and implemented. This resulted in ineffective change management at Telkom.

Importantly however, it is also clear that change management is viewed by senior, middle and supervisory managers in a positive way. However, operational managers, former employees, current employees at Telkom and representatives of the Communications Workers Union view change management in a negative way. It is therefore seen as an important mechanism which will bring proper and rational changes at Telkom. In this

research it is assumed that the employee perceptions of change management at Telkom can be successfully changed if managed correctly with the involvement of all parties concerned.

The findings of the empirical research provide guidelines on how these shortcomings can be overcome and improved. The main purpose of the next chapter is to provide recommendations on what can be done to strengthen the employee perceptions of change management at Telkom in order to use it as a management system in the organisational structure.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

Increased pressure to increase efficiency, technological advances and emerging technologies are forcing telecommunication companies worldwide to restructure and realign their capabilities resulting from the rising market and customer demands. This is also true of Telkom. As a result of the volatility in the market, Telkom has also been forced to realign its workforce in respect of merging capabilities and technologies. This realignment process and the rebalancing of core capabilities and competency requirements of necessity give rise to job losses in areas where capabilities, competencies and technologies declined, whilst in the areas of emerging technologies new core capabilities and competencies are recognised which give rise to the creation of new jobs or job opportunities.

5.2 ALTERNATIVE STRATEGIES TO JOB LOSSES

As a result of the volatility in respect of job losses in the ICT sector, Telkom has embarked on an alternative strategy and approach towards the minimising of job losses and the creation of new job opportunities, and has aligned this strategy with the Nedlac agreement.

This strategy, embarked on by the company to contribute towards the stabilisation of the ICT sector, gave birth to the Agency for Career Opportunities as the mechanism to operationalise the strategy.

5.2.1 The Agency for Career Opportunities

Telkom's Agency for Career Opportunities was established as a mechanism to support employees whose positions have become redundant due to emerging technologies, and market forces that drive the provisioning of services and products in alignment with customer demands. The Agency for

Career Opportunities provides an all-encompassing service and support to these employees. These services include the following:

- A career counselling service to sensitise employees in respect of their abilities, prior learning and alternative career opportunities.
- Comprehensive Learning and Development opportunities that include training opportunities with the Centre for Learning, external training opportunities, Web-based training programmes, bursaries, entrepreneurial training opportunities etc. All of which was directed towards enhancing employees' skills to enable them to obtain a job opportunity in the labour market, especially in the ICT sector.
- The Agency for Career Opportunities endeavours to redeploy employees back into the company based on their new found skills for alternate positions or for other employment, including the possibility of obtaining other job opportunities outside the company, preferably within the ICT sector.
- Whilst "Agency employees" are still in the Agency and prior to them being appointed in a new position, temporary assignment opportunities are identified and employees are then seconded to these assignments. This is viewed as an additional opportunity to gain experience and exposure to a working environment which they might not have otherwise been exposed to before.
- The Agency provides trauma counselling to employees who are traumatised as a result of job loss and even extends this provision to other family members.
- The Agency is also responsible for the management of a 'social plan' benefit for employees who prefer to leave the company by means of voluntary severance or voluntary early retirement packages. This entails providing training for a new job or career, providing capital for the purchase of tools and equipment and/or start-up capital to establish their own business.

So far the Agency has proved to be very successful in minimising job losses, with 72.9 percent of employees in the Agency being placed in permanent positions during the 2002/03 headcount reduction process and 83.6 percent being placed during the 2003/04 process.

In this regard change management had portrayed a positive trend towards the former and current Telkom employees. The above guidelines serve as the way forward and form a fundamental basis for Telkom towards change management policies. It is recommended that they can be used as general guidelines for every organisational structure.

It is, however, also clear that every Telkom Department from regions and subregions are unique in terms of its function, size, composition and organisational structure. Every region, subregion and department designs changes that are in line with its own uniqueness.

In the year 2000 Vision 2000 started with the purpose of restructuring, increasing technological advances and responding to government license agreement of providing telecommunication services to all South Africans and especially in under-serviced areas. Secondly, it has to provide quality telecommunications services, which result in successful change management.

Through a literature research and empirical findings the employee perceptions of change management at Telkom has had limited success

5.3 REALISATION OF THE OBJECTIVES OF RESEARCH

It was the objective of this research to establish what progress Telkom has made in terms of introducing change management since its introduction. This was undertaken in order to identify and describe the shortcomings in terms of procedures and processes followed to implement change management as an organisational structure taking in consideration the employee perceptions. Based on these findings it was envisaged that specific recommendations can be made.

5.3.1 Achieving the objectives of research

The following objectives were stipulated in chapter one:

- To give a theoretical exposition of human resources management and change management.
- To examine the processes and effects of change management at Telkom.
- To examine the effect change management has had on attitudes and perceptions of officials and employees at Telkom.
- To describe the manner in which the change management process was communicated at Telkom
 - by examining their experiences of change management;
 - by making an assessment of the perceptions of the employees of the process of change management.
- To examine the effects of positivism and negativism relating to change management processes on middle, senior, supervisory and operational management at Telkom.

These objectives were achieved in the following ways:

Chapter two provided a theoretical foundation or exposition of change management at Telkom. Throughout the dissertation the findings of chapter two were used as a way forward in order to establish progress of the employee perceptions of change management at Telkom and to make specific assumptions and eventual recommendations.

Chapter three narrowed research down to reason and process for change management at Telkom

Chapter four was mainly conducted through sampling, semi-structured and group interviews. In this chapter the perceptions and experiences of the senior, middle, supervisory, operational, former employees and current employees at Telkom regarding the employee perceptions of change

management at Telkom were highlighted. Through this chapter it was possible to identify specific shortcomings of Telkom's Vision 2000.

Chapter five is the concluding chapter and provides an overview of research conducted in chapters one to four. The important contribution of this chapter is that it is based on the indicated shortcomings. Recommendations are also provided on how the change management process can be improved.

5.3.2 Recommendations on how employee perceptions of change management can be improved at Telkom:

- a) Telkom, employees and Unions (hereinafter referred to as the "parties") enter into this agreement to promote and maintain mutually satisfactory relationships.
- b) The parties recognise and acknowledge that sound, equitable industrial relations and practices are essential for the promotion of goodwill, economic and general well-being of employees and well as their health and safety at their work place.
- c) The parties further declare their common commitment to the company and employees:
 - o There must be consultation or negotiation with management on matters affecting the interest of employees in the bargaining unit.
 - o They must attend or convene meetings by arrangement, notwithstanding (g)
 - o They must be paid their normal salary for time spent during working hours in the performance of their duties as shop stewards.
 - o Telkom shall and must not retrench workers up to and including 31 March 2002.
 - o Telkom shall and must not force workers to take voluntary severance packages.
 - o Telkom shall and must not consider only voluntary severance packages as an option in staff optimisation.

- Communication Workers Union had agreed that when Telkom offer voluntary severance packages, workers should accept.
 - The agreement does not mean that Telkom will consult Communication Workers Union (CWU) or any other party before retrenchments can take place before or after 31 March 2002.
 - Telkom further indicated that CWU has no right to bargain collectively for its members.
 - CWU has agreed to everything that Telkom tell workers.
 - CWU has waived its right to negotiate a Job Security Agreement and strike over it if need be.
- d) In terms of commitments made by both parties, they need to reach an agreement by the end of November 2006, failing which each party will have the right to provisions of the law. What is however clear in our observation is that Telkom management wants an agreement that resembles section 189 of the LRA in a different form whilst still clinging to the content.
- e) The listing of Telkom in the Johannesburg and New York Stock Exchanges poses a very serious danger to fulfilling the developmental mandate of South Africa. It is a listing done in the wake of massive disconnections for the poor, thus severely limiting employee capacity to roll back the frontiers of poverty in terms of job creation and service delivery of telephony.

5.4 CONCLUSION

The basic assumptions of this research were that some stakeholders was excluded from making decisions towards change management at Telkom.. Through the research these assumptions were verified and directly linked to change management at Telkom.

It is, however, important to not only focus on the negative outcomes of employee perceptions on change management at Telkom but also to take note of its positive outcomes.

Examples of important positive outcomes are:

- The Agency has proved to be very successful in minimising job losses, with 72,9 percent of the employees in the Agency being placed in permanent positions during the 2004/05 headcount reduction process and 83.6 percent being placed during the 2005/06 process.
- The parties declare their commitment to industrial peace and stability as well as the maintenance and enhancement of work and behavioural standards, fairness and justice to employees as well as their health and safety at their work place. .
- The parties recognise and acknowledge that sound, equitable industrial relations and practices are essential for the promotion of goodwill, economic and general well-being of employees as well as the growth and viability of Telkom.
- The parties agreed to promote orderly collective bargaining, employee participation in decision making in the workplace and the effective resolution of labour disputes.
- Telkom agrees to provide access to such reasonable facilities as may be necessary for the employees and office bearers to conduct their official duties:
 - a telephone
 - a facsimile machine
 - typing and photocopying
 - the use of notice boards in terms of this agreement
 - e-mail
 - a computer
 - a venue where members may be interviewed in private.

In order to curb the tendency of management to embark on unilateral restructuring and to ensure participation of the organisation in the process of restructuring, congress resolved as follows:

- Government and management should be engaged with a view to bring all the restructuring efforts of state-owned enterprises (SOEs) under the auspices of the National Framework Agreement (NFA).
- Mechanisms that will ensure that management of these SOEs are also bound by the provisions of the NFA should be worked out, and agreements made at the level of the NFA.
- Shareholders' agreement with regard to the Strategic Equity Partner (SEP) in Telkom and the Strategic Management Partner (SMP) should be made public.
- The Sectoral summit of all stakeholders in the communication sector should be convened, so as to discuss this restructuring and to curb job losses.
- Management and Labour should strive to achieve the establishment of the Communication Development Agency (CDA), and to make the necessary financial contribution to the agency.
- There should be the engagement of the National Productivity Institute (NPI) by means of which management intends to turn companies around;
- Research is to be done on the impact of change management and restructuring in the ITC.
- Training should be given to all sectors to be able to develop skills.
- Outsourcing and corporatisation should be stopped (for example Speed Services should be fully integrated into the Postal Services).
- As a responsible corporate citizen representation in terms of equity in the workplace, Telkom made measurable progress when compared to its 1998/1999 black staff representation.

In addition, affirmative action development programmes achieved significant successes in the following ongoing initiatives:

- a) Individual development plans for very high profile employees.
 - b) Deputies' programme aimed at replacing Strategic Equity Partner (SEP) managing and group executives.
 - c) Successor programme aimed at senior management and executive positions.
 - d) Exchange programme to specific positions in SBC and Telkom Malaysia.
 - e) Supervisory development programmes.
 - f) Adult Basic Education and Training (ABET) and bursary programmes.
-
- The Company intends to implement its competitive strategies developed for Internet, interconnection and the convergence of telecommunications.
 - Customer satisfaction is based on improving the quality of service and enhancing the ability to meet or exceed customer needs. Service improvements focused on service provisioning, fault rate and repair performance.
 - A full range of training programmes are being offered to provide a more balanced skills mix. In addition, a consultative process led to the staff complement being reduced by 20 percent to 49 128. This included approximately 2 000 employees affected by outsourcing initiatives.
 - Telkom staff members are less negative about job security than employees of other telecommunication companies. 65 percent of Telkom employees believe that they will have a job as long as they perform.

Examples of important negative outcomes of change management at Telkom

- Since the partial privatisation of Telkom in 1997 more than 25 000 people have lost their jobs .
- Over two million phone lines in the country's poor and under-serviced areas have been disconnected, mainly due to unaffordable phone rates.
- The price of local calls, used mainly by low-income earners, has rocketed, while long-distance, international and data calls have been reduced.
- The behaviour of Telkom over the last few years in relation to the Independent Communications Authority of South Africa (ICASA) has made the regulator all but irrelevant.
- At the shop-floor level, line management is instructed to implement changes without question and reason.
- Workers in this situation find themselves between a rock and a hard place, and there must be a way out.
- Line management has been subjected to the implementation of positions that they themselves know and agree are not conforming to the policies of the company.
- The centralisation of power and the undermining of collective bargaining processes have rendered engagement with the company futile.
- At the central level Telkom negotiators merely convey the positions of the "powers that be" without even a slight omission of a comma or a full stop and no addition no matter how rational that can be.
- Management is talking peace with the Communications Workers Union at the bargaining table whilst at the same time conducting war on the shop-floor.

- Telkom had approximately 26 133 employees by 30 April 2005 compared to 56 800 employees at the start of restructuring in 1999.

Together with the recommendations made in this chapter, the positive attributes of the employee perceptions on change management at Telkom can be utilised as a solid foundation for restructuring state enterprises and development of organisational structure for both private and public companies.

5.5 SUMMARY

The bottom line of this research study resolved the following:

- Telkom employees are no longer very unhappy with the decisions that management make.
- Ownership and commitment have taken a very sharp upswing turn - something to commend the company for.
- The level of satisfaction among employees is reasonably good.

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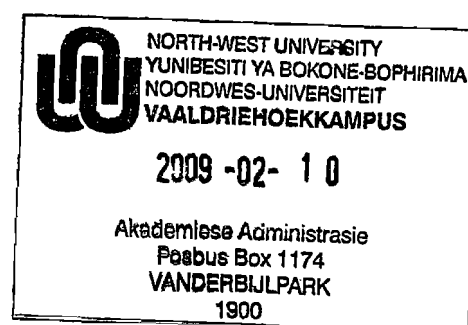
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